

# DHRM COMPENSATION BULLETIN

Current Date: March 23, 2005  
Effective Date: July 2, 2005

Reference: UCA 67-19-12  
HB 1 (Item 74)  
SB 3

SUBJECT: **Compensation for State Employees FY2006 – (July 2005 – June 2006)**

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## **Legislative Language:**

“The Legislature intends to fund a 2.5% cost of living allowance for state employees effective July 2, 2005.” (HB 1, Item 74)

MCA’s were funded under the line item “To implement the provisions of *Unused Sick Leave At Retirement Amendments* (House Bill 213, 2005 General Session)” for each agency. (SB 3, each agency’s line item)

“The Legislature intends that health and dental insurance benefit increases be paid as recommended by Group Insurance.” (HB 1, Item 74)

## **Salary Adjustments**

1. **Market Comparability Adjustments (MCA’s)** - MCA’s were approved based on the *average actual salary* of the benchmark job compared to the average actual salary of the market. In prior years it was based on the midpoint of the range of the benchmark job. Employees whose benchmark job is between 15% - 30% below market on actual average pay will receive a one-step increase. Employees whose benchmark job is 30.1% or more below market on actual average pay will receive a two-step increase. Employees who are on the top step of the established range for their job or are in longevity are ineligible for this increase. Non-career service employees who do not receive benefits are also not eligible to receive the MCA adjustment. Eligible employees will receive their increases effective July 2, 2005. The increase will appear in paychecks on July 29, 2005. The official MCA List of affected titles is in a separate document from this bulletin and can be found on DHRM’s website under the compensation section. The MCA’s were funded at 100% and are included as part of the base budget of each affected agency. Note that the funding was provided based upon a scenario created and submitted with the Comp Plan in October 2004. If you have new hires, or gave raises, or have turnover savings, employees will get the proper increases, but budget officers should note that the funding is based upon the early projections.

2. Cost-of-Living Adjustment - Employees will receive a 2.5% COLA effective July 2, 2005. The raise will appear in paychecks on July 29, 2005. All employees on the General, Longevity, and Administrative pay plans will receive the COLA.

## **Benefits**

1. The cost to the State for health benefits will increase 11.8% for FY 2006. The legislature funded the State's portion of the increase. Although the percentage participation rate did not increase for employees, the increase in premium rates will result in an 11.8% increase to the employee portion of the premium. The same principle holds true for the increase in premium costs for dental coverage. There will be a 6% increase in the PEHP dental plans. Due to an adjustment to the administrative expense on the Dental Select plan, the bi-weekly rates will be reduced 17.61% for double coverage and 14% for family coverage.
2. Employees enrolled in the **PEHP Preferred Care** will continue to pay 7% of the bi-weekly premium. However, the 11.8% increase in premium rates results in the following new rates: Single coverage - \$11.14; 2-party coverage - \$22.97; Family coverage - \$30.66. The plan design did not change.
3. Employees enrolled in **Advantage Care, Summit Care or Comprehensive Care** will continue to pay 2% of the total premiums. The new premium rates due to the 11.8% increase in costs will be as follows: Single coverage - \$2.96; 2-party coverage - \$6.10; Family coverage - \$8.15. There are no changes in plan design for these plans.
4. **PEHP Traditional Dental** had no plan design changes. The bi-weekly rates will be as follows: Single coverage - \$6.45; 2-party coverage - \$8.42; Family coverage - \$12.06.
5. **PEHP Preferred Dental** had no plan design changes. The bi-weekly rates will be as follows: Single coverage - \$1.06; 2-party coverage - \$1.35; Family coverage - \$1.96.
6. **Dental Select Platinum** had no changes to the plan design. The bi-weekly rates will be as follows: Single coverage - \$.00; 2-party coverage - \$5.16; Family coverage - \$7.68.

## **Sequence and Explanation of Compensation Changes at Fiscal Year End**

### **1. Longevity and Other Salary Increases**

#### **(Agency Manual Entry)**

- Salary increases, such as longevity increases, promotional increases and ASI's must be manually entered by the agency and approved prior to fiscal year-end processing. See "Other Important Information" for critical dates regarding fiscal year-end processing.
- If more than one type of increase is processed for a single employee, the increases will run in chronological order based upon which is entered first.
- Increases are funded from existing agency budgets. There is no additional or separate funding.
- Longevity salary increases are to follow previously established DHRM rules for eligibility. Career service employees must have a current performance evaluation of successful or higher within the prior year. Salary actions will not process at fiscal year end for employees without the performance evaluation.
- The "Projected Longevity Report" in the HRE system can assist agencies in identifying eligible employees. Select "Reports" from the activity list and then select "Employment Reports." Enter the Agency and Low Org data and click on "Projected Longevity."

## **2. Adjustment to Pay Plans for 2.5% COLA**

**(DHRM Automated Processing)**

- The General, Longevity, and Administrative pay plans will be adjusted to reflect the 2.5% COLA. For example, the current value of Step 55 is \$17.78 but will increase to \$18.22 after applying the 2.5% COLA. In order to maintain a 2.75% pay plan, individual steps may be off of the 2.5% by a few pennies.

## **3. Employee Salary Increase for 2.5% COLA**

**(DHRM Automated Processing)**

- Employee salary rates will be changed to reflect the 2.5% COLA. The employee's salary step on the pay plans will remain the same, but the value of the step will be worth approximately 2.5% more. For example, if an employee is on Step 50, he or she will remain on Step 50, but the value of the step will be worth an additional 2.5%. The salary increase will appear in the July 29, 2005 pay check.

## **4. Employee MCA Salary Adjustments**

**(DHRM Automated Processing)**

- Market Comparability Adjustments for employees in the affected classifications (see official MCA List on the DHRM website) will be implemented and effective July 2, 2005. No range changes will be made. Eligible employees shall receive either a one-step or two-step salary increase as per their job title and the official MCA List.
- Employees designated as career service exempt who do not receive benefits are not eligible to receive the MCA adjustment. Employees on the top step of their range and employees in longevity are also not eligible for the increase.
- Prior to July 29, 2005, when the MCA adjustments appear in employee checks, DHRM will provide letters to HR Directors and Representatives to distribute to the individual employees. These letters will explain the impact of the MCA.

## **Other Important Information**

1. **The HRE system** will go down at 5:00 p.m. on June 30, 2005 to run fiscal year end. It will be back up July 5, 2005 at 8:00 a.m.
2. **Agency Assignment, Classification, and Salary Actions** that are entered and approved prior to DHRM's shutdown of the system that have an effective date of July 2, 2005 or earlier, will process before the MCA's and the COLA. Note that **Assignment actions** that you want effective July 2, must be entered and approved on or before 5:00 p.m. on June 30. Pending actions will be deleted. Between July 5, 2005, and 5:00 pm on July 11, 2005, salary and assignment actions will be allowed with effective dates from June 18, 2005 and forward. This will allow New Hire, Rehire, Reappointment from Register and Retroactive Pay actions to be entered back to as early as June 18, 2005. Most other actions will not be allowed since most active employee records will have at least a COLA action effective July 2, 2005. Beginning July 12, 2005, no action will be allowed with an effective date before July 2, 2005.
3. **Employees on the General, Administrative, and Longevity Pay Plans** are eligible for the 2.5% COLA.
4. **The 2.5% COLA for employees on Pay Rate Indicator 2 or 3** will not be processed automatically. Manual entries will need to be processed by agencies with an effective date of July 2, 2005. They may be processed either before HRE shuts down on June 30 or after HRE comes back up on July 5. Use the action reason of "Productivity Step Adjustment" and an effective date of July 2, 2005. DHRM will change any salary action with that reason and date to "Cost of Living Adjustment". If an agency has an

actual “Productivity Step Adjustment” action that needs to be processed, please use July 3 or later as the effective date or it will be changed to a COLA.

5. **Executive Directors and Commissioners** – To date, no salary increases have been approved for FY 2006. The legislature may address salaries in the Special Session on April 20, 2005.
6. **Administrative Pay Plan** - MCA’s were not funded for positions on the Administrative Pay Plan. Each agency will have the discretion to give increases based on the secondary benchmark. Increases given must be entered manually by the agency using the action reason “ASI – Career Mobility Begin” and an effective date of July 2, 2005. DHRM will change any salary action with that reason and date to “Market Comparability Adjustment”. If an agency has an actual “ASI – Career Mobility Begin” action that needs to be processed, please use July 3 or later as the effective date or it will be changed to an MCA.
7. **Increases shall be effective July 2, 2005** for salary adjustments and will show in the paycheck received on July 29, 2005.
8. **Performance Evaluations** must be entered prior to June 30 in order for longevity increases to process. The absence of an employee’s performance evaluation will not preclude him or her from receiving the COLA. Nevertheless, we encourage you to follow the normal, annual practice of completing and entering your evaluations into the HRE system.